

**IN THE SPECIFICATION**

Last paragraph starting on page 9:

The first AGC unit 12 also operates according to the signal level data LD, thus amplifying the echo cancellation signal EC. If a small echo E is present, it is amplified by the second AGC unit 23, but the echo cancellation signal EC is equally amplified by the AGC unit 22, so the amplified echo component in the amplified transmit signal TXm is correctly canceled by subtraction of the amplified echo cancellation signal ECm. If the gain of the second AGC unit 23 increases or decreases, the gain of the first AGC unit 12 increases or decreases by the same amount, so correct echo cancellation continues. The gain variations do not ~~effect~~ affect the predictive filtering process, because the filtering coefficients are not updated.